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**The Public Service Commission
State of South Carolina**

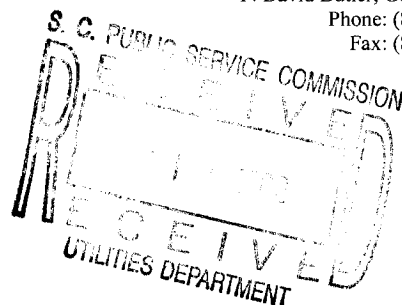
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December 17, 2002

Honorable Gary E. Walsh
Executive Director
Public Service Commission of South Carolina
P.O. Drawer 11649
Columbia, SC 29211



Re: Docket No. 2000-366-A - Application of Chem-Nuclear
Joint Statement by Chem-Nuclear and the S.C. Budget and Control Board

Dear Mr. Walsh:

The Commission Staff is in receipt of a Joint Statement by Chem-Nuclear and the South Carolina Budget and Control Board (the Joint Statement) which would ask the Commission to defer consideration of the Operations and Efficiency Plan (OEP) developed in response to Commission Order No. 2001-499 until some later proceeding on allowable costs. Under the Joint Statement, the two parties will not present testimony or evidence relating to the OEP in the upcoming allowable cost proceeding. The parties state as their reasoning that the report is complex, and the Application for fiscal year 2003 has already been submitted.

Although Staff has no objections to Commission approval of the Joint Statement, Staff would like to employ certain financial tools as described in the OEP for purposes of forecasting allowable costs as of the end of fiscal year 2002-2003. The Audit Staff would not offer any testimony as to the validity of the OEP, however, the OEP does contain certain financial tools for forecasting which the Audit Staff believes are useful in setting allowable costs for the next fiscal year. With regard to the OEP, Staff testimony would then be limited to the application of the formulas contained therein to those costs.

Staff would state, however, that if the OEP is tabled for the upcoming proceeding, the cost of the OEP should be deferred or only a partial reimbursement be allowed for recovery during the upcoming fiscal year.

Thank you in advance for your consideration in this matter.

Sincerely,

F. David Butler
General Counsel

FDB/hha

cc: All Parties of Record